

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

In the Matter of	)	
	)	
1998 Biennial Regulatory Review -- Review of	)	IB Docket No. 98-96
Accounts Settlement in the Maritime Mobile	)	
and Maritime Mobile-Satellite Radio Services	)	
and Withdrawal of the Commission as an	)	
Accounting Authority in the Maritime Mobile	)	
and Maritime Mobile-Satellite Radio Services	)	
	)	

**REPLY COMMENTS OF COMSAT**

COMSAT, INC.<sup>1</sup> (“COMSAT”), hereby submits these reply comments in the above-referenced Second Further Notice of Proposed Rulemaking proceeding.<sup>2</sup> COMSAT provides secure, world-class global satellite connectivity solutions to government, military and commercial maritime customers operating in land, aeronautical and maritime service environments. Our extensive background and unsurpassed level of support enables us to optimize our customers’ mission communication systems, allowing on-time and smooth operations. Headquartered in Herndon, Virginia, we are a trusted leader and industry pioneer with more than 50 years in the design and delivery of high quality satellite communication services, and have been a U.S. accounting authority since 2009 under AAIC US11.

For the reasons described herein, COMSAT agrees with the Commission’s decision to withdraw as accounting authority of last resort as well as the Commission’s support for having

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<sup>1</sup> Formerly known as Satcom Direct Government, Inc.; Airbus DS Satcom Government, Inc.; Astrium Services Government, Inc.; Vizada, Inc.; and Telenor Satellite Services, Inc. COMSAT acquired the COMSAT Mobile Communications division of COMSAT Corporation in 2002, and acquired the rights to the COMSAT name in 2016.

<sup>2</sup> 1998 Biennial Regulatory Review -- in the Maritime Mobile and Maritime Mobile-Satellite Radio Services and Withdrawal of the Commission as an Accounting Authority in the Maritime Mobile and Maritime Mobile-Satellite Radio Services, *Second Further Notice of Proposed Rulemaking*, 31 FCC Rcd 13785 (2016) (*Second Further Notice*).

maritime communications users pre-subscribe to an accounting authority but believes that the default accounting authority role is an essential role for U.S. vessels that cannot be abandoned, and would be best served by COMSAT.

## **I. COMSAT SUPPORTS THE WITHDRAWAL BY THE COMMISSION AS ACCOUNTING AUTHORITY**

COMSAT generally agrees with the Commission and the comments of Inmarsat that the Commission should withdraw from the accounting authority business and transition all accounting authority functions to private accounting authorities in accordance with a thorough transition plan. As the Commission recognized, and as all interested parties now seem to agree, private accounting authorities are well-equipped to handle the function under the Commission's Part 3 rules. We believe that the Commission's withdrawal will further the public interest by allowing for more efficient use of the Commission's staff for other critical Commission functions.

## **II. THE COMMISSION SHOULD DESIGNATE COMSAT AS ACCOUNTING AUTHORITY OF LAST RESORT**

In its *Second Further Notice*, the Commission sought comment on three possible approaches to ensure a smooth phasing out of the Commission as default accounting authority: (1) requiring all end users to pre-subscribe to an accounting authority or designate an accounting authority on each message; (2) developing a formula to spread undesignated messages among several private accounting authorities; and/or (3) appointing one of the private accounting authorities as the new authority of last resort.<sup>3</sup>

As Inmarsat noted in its comments, requiring end users to designate an accounting authority on a per-call or per-message basis would not be practical or possible for private

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<sup>3</sup> *Id.* at ¶ 15.

accounting authorities whose billing systems require that a user's account be set up and billing information obtained prior to a call being initiated.<sup>4</sup> Likewise, option two, developing a formula to spread undesignated messages among several private accounting authorities, would be difficult and time consuming, and administering any such formula would be burdensome, as the Commission would still need to be involved in dispersing the costs of the messages among accounting authorities and providing end user billing support.

While COMSAT agrees that the Commission should generally encourage users to pre-subscribe to an accounting authority of their choosing, it is critical that the Commission also designate a substitute accounting authority of last resort, to ensure that there is no disruption in vital safety maritime communications for users that do not pre-subscribe to an accounting authority despite the Commission's outreach attempts, and to ensure that the Commission's withdrawal as accounting authority is concluded timely and efficiently for all affected parties. As further described below, COMSAT has a desire to and is well-positioned to fill this default accounting authority role.

**A. Designating COMSAT as Default Accounting Authority will Ensure Vital Safety Services Continue to be Provided Seamlessly to Users in Need**

The Commission recognizes that "an accounting authority, whether selected by the ship, the provider, or a competent default accounting authority, must be in place for distress and safety telecommunications on board ships,"<sup>5</sup> and that "withdrawal of the Commission as an accounting authority without an effective transition plan could leave a gap for some U.S. maritime and satellite radio users."<sup>6</sup> The Commission proposes to address this gap by conducting outreach to make users aware of the transition but does not go into detail on what

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<sup>4</sup> Comments of Inmarsat, Docket No. 98-96, filed March 14, 2017 (*Inmarsat Comments*), at 3-4.

<sup>5</sup> *Second Further Notice* at ¶ 18.

<sup>6</sup> *Id.* at ¶ 17.

that outreach would entail, nor what actions the Commission would take in the event it is unable to reach an individual user, or in the event users simply ignore these efforts, a circumstance COMSAT thinks is highly likely. Under the Commission's proposed plan, those unreachable users would be at risk of losing access to vital, life-saving communications services and, as the Coast Guard notes, violating International Maritime Organization (IMO) regulatory requirements with respect to Global Maritime Distress and Safety System (GMDSS), Ship Security and Alerting System (SSAS), and Long Range Identification Tracking (LRIT).<sup>7</sup>

While Inmarsat asserts that it provides GMDSS distress alerting free of charge to all vessels, including those that have been barred for failure to designate an accounting authority,<sup>8</sup> as the Coast Guard points out, distress alerting is only one of IMO's essential maritime safety requirements, and would not facilitate SSAS, LRIT or other communications with the Coast Guard beyond the distress alert, even if those further communications are safety related.<sup>9</sup> As the Commission recognizes, "A ship on the high seas that has been barred from such communications may be a danger to itself and others, as well as a potential problem for the Coast Guard."<sup>10</sup>

The only way to ensure uninterrupted access to *all* required safety communications services for *all* affected users is for the Commission to appoint a new default accounting authority, rather than to rely solely on costly, time-consuming, and unreliable outreach and notification efforts. COMSAT has been a designated U.S. accounting authority primarily supporting U.S. government registered vessels since 2009, and

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<sup>7</sup> Comments of United States Coast Guard, Docket No. 98-96, filed (*Coast Guard Comments*), at 8-9.

<sup>8</sup> *Inmarsat Comments* at 6.

<sup>9</sup> *Coast Guard Comments* at 8-10.

<sup>10</sup> *Second Further Notice* at ¶ 18.

has been fulfilling US01 activations for the Commission as an Inmarsat PSA (Point of Service Activation) since the early 1990s. COMSAT currently has over 2,000 individual terminals active under US01, and has the resources to easily transition these and take on all of the Commission's current active US01 terminals as well, without disrupting maritime communications.

**B. Designating COMSAT as Default Accounting Authority will Reduce the Commission's Withdrawal Transition Period and Minimize the Need for Costly Outreach Efforts**

Not only will transitioning the default accounting authority role to COMSAT ensure continuity and reliability of vital maritime communications, it will also shorten the Commission's withdrawal transition period and minimize the amount of outreach required for the Commission to ensure each affected user has a designated accounting authority.

In its 1999 Report and Order and Further Notice of Proposed Rulemaking, the Commission proposed a three year transition period for its withdrawal.<sup>11</sup> The Commission now proposes to transition out of the accounting authority role within one year.<sup>12</sup> The Coast Guard has expressed concern that "a one year transition period may be the absolute minimum amount of time necessary to properly notify all affected users, while providing them with sufficient time to make alternative plans,"<sup>13</sup> and reiterated concerns the National Telecommunications and Information Administration (NTIA) expressed in its 1999 comments regarding the lengthy federal procurement process that government users would need to go through in order to

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<sup>11</sup> 1998 Biennial Regulatory Review -- Review of Accounts Settlement in the Maritime Mobile and Maritime Mobile-Satellite Radio Services and Withdrawal of the Commission as an Accounting Authority in the Maritime Mobile and the Maritime Mobile-Satellite Radio Services, *Report and Order and Further Notice of Proposed Rulemaking*, 15 FCC Rcd 20703 (1999) (*1999 Accounting Authority Order & FNPRM*), at ¶ 33.

<sup>12</sup> *Second Further Notice* at ¶ 9.

<sup>13</sup> *Coast Guard Comments* at 7.

establish contracts with private accounting authorities.<sup>14</sup> This timing issue is resolved by designating COMSAT as default accounting authority, as COMSAT already has GSA schedule pricing for accounting authority services and understands the federal procurement process needed by government agencies to obtain and continue services. As the NTIA also recognized in its 1999 comments, if the Commission establishes a relationship with a new accounting authority of last resort such as COMSAT, “a transition period might not be necessary at all.”<sup>15</sup>

While COMSAT supports the Commission’s general interest in having end-users pre-subscribe to an accounting authority of their choosing, we also agree with the Commission that “it remains the basic responsibility of the user, whether a private or governmental entity, to provide for an accounting authority to handle its calls.”<sup>16</sup> The Commission should not be burdened with outreach efforts to users that have failed to comply with that basic responsibility.

**C. Adopting Additional Qualifying Criteria for COMSAT to Serve as Accounting Authority of Last Resort will Only Further Delay the Commission’s Withdrawal from the Role and will Not Serve the Public Interest**

While the Commission has tentatively dismissed the notion of appointing a new default accounting authority, its reasoning for doing so is unclear. In its *1999 Accounting Authority Order & FNPRM*, the Commission’s sole concern appears to be based on the fact that none of the existing accounting authorities indicated that they would be interested in becoming the new authority of last resort.<sup>17</sup> Stratos Mobile Networks USA (“Stratos”) subsequently expressed an interest in doing so,<sup>18</sup> which was opposed by COMSAT’s predecessor in name, COMSAT

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<sup>14</sup> *Id.*; see Letter from William T. Hatch, National Telecommunications and Information Administration, to Magalie Roman Salas, Federal Communications Commission (dated Oct. 25, 1999) (*NTIA Letter*) at 2.

<sup>15</sup> *Id.* at 2.

<sup>16</sup> *Second Further Notice* at ¶ 15.

<sup>17</sup> *1999 Accounting Authority Order & FNPRM* at ¶ 30.

<sup>18</sup> Reply Comments of Stratos, Docket No. 98-96, filed November 29, 1999.

Corporation (“COMSAT Corp”), based on Stratos’s proposal to provide services at no charge for a period of two years to US government agencies, a proposal Comsat Corp deemed to be discriminatory.<sup>19</sup> The Commission has now sought comment on whether additional qualifying criteria would be necessary for an existing accounting authority to serve as a designated accounting authority of last resort.<sup>20</sup>

In COMSAT’s view, and as the Commission has stated repeatedly throughout this proceeding, the Commission’s existing certification and oversight rules under Part 3 are qualifying criteria enough for a private accounting authority to settle accounts, and already address COMSAT Corp’s earlier discrimination concern, particularly in Section 3.10(e) adopted by the Commission in its *1999 Accounting Authority Order & FNPRM*.<sup>21</sup> The only additional qualifying criteria ought to be a timely expression of an accounting authority’s interest in doing so.

Inmarsat makes two seemingly inconsistent arguments in support of its opposition to designating a new accounting authority of last resort: doing so could (1) “distort the functioning of the competitive maritime mobile satellite market,” and (2) “require the commercial entity to take unforecastable losses from uncollectible charges.”<sup>22</sup> Inmarsat offers no explanation of what sort of market distortion it refers to but if its suggestion is that becoming default accounting authority acts as some sort of competitive advantage, in COMSAT’s view, such a designation is a risk rather than an advantage, specifically because of the probability of uncollectible charges. COMSAT is willing to take on that risk in the face of silence from other private accounting

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<sup>19</sup> Ex Parte Letter from Bruce Hensch, COMSAT Corporation, to Magalie Roman Salas, Federal Communications Commission (dated Feb. 8, 2000).

<sup>20</sup> *Second Further Notice* at ¶ 16.

<sup>21</sup> *See id.* at ¶ 5; *1999 Accounting Authority Order & FNPRM* at ¶¶ 1, 20.

<sup>22</sup> *Inmarsat Comments* at 6. Inmarsat’s third argument regarding its provision of free of charge distress alerting is addressed at *supra* II.A.

authorities that have been given notice and an opportunity to weigh in on these proceedings. This silence from the private accounting authorities coupled with the history of mass default designations of AAIC US01, as well as comments from the Coast Guard, shows there is not much of a competitive market for accounting authority services anyway. Doing away with the default accounting authority role will not solve that problem, and, as described above, will put U.S. vessels at risk. Moreover, implementing any additional regulations or qualifying criteria to act as default authority will only stifle competition further.

The general lack of competition in the maritime mobile satellite communications market is attributable to natural market forces rather than the role of default accounting authority, and is not a circumstance that can be resolved in this proceeding. Any competitive advantage COMSAT currently enjoys over other accounting authorities and would end up enjoying as the default authority is attributable to legitimate, natural and fair circumstances, namely, COMSAT's investments in its teleport infrastructure and tier 1 Value-Added Reseller (VAR) agreements with Inmarsat, which allows it to offer its users competitive pricing and superior technical support capabilities. COMSAT believes this is also why users frequently designate or default to the Commission as their authority today – the Commission has chosen COMSAT as its preferred PSA and has been activating under COMSAT and enjoying the benefits of its capabilities since around 1992, when it was the COMSAT Mobile Communications Division of COMSAT Corp. Effectively, COMSAT has already been serving the role for years, albeit one step away from the end user. Other accounting authorities simply have not made similar investments and do not have the history, experience or capabilities that COMSAT has. Should other accounting authorities decide to make such investments and improvements, users are always free to change their default accounting authority designation to an accounting authority of their choosing.



More importantly, the safety and loss of life concerns addressed above outweigh any competition concerns.

## **CONCLUSION**

For the reasons described herein, COMSAT supports the Commission's withdrawal as an accounting authority but feels that the default authority role is critical to ensuring both that life-saving maritime communications continue to be provided seamlessly to end users, and that the Commission withdraws from the role timely and efficiently. COMSAT is well-positioned to serve as the new authority of last resort.

Respectfully submitted,

**COMSAT, INC.**

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Dated: April 14, 2017